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THE Tobacco SITUATION

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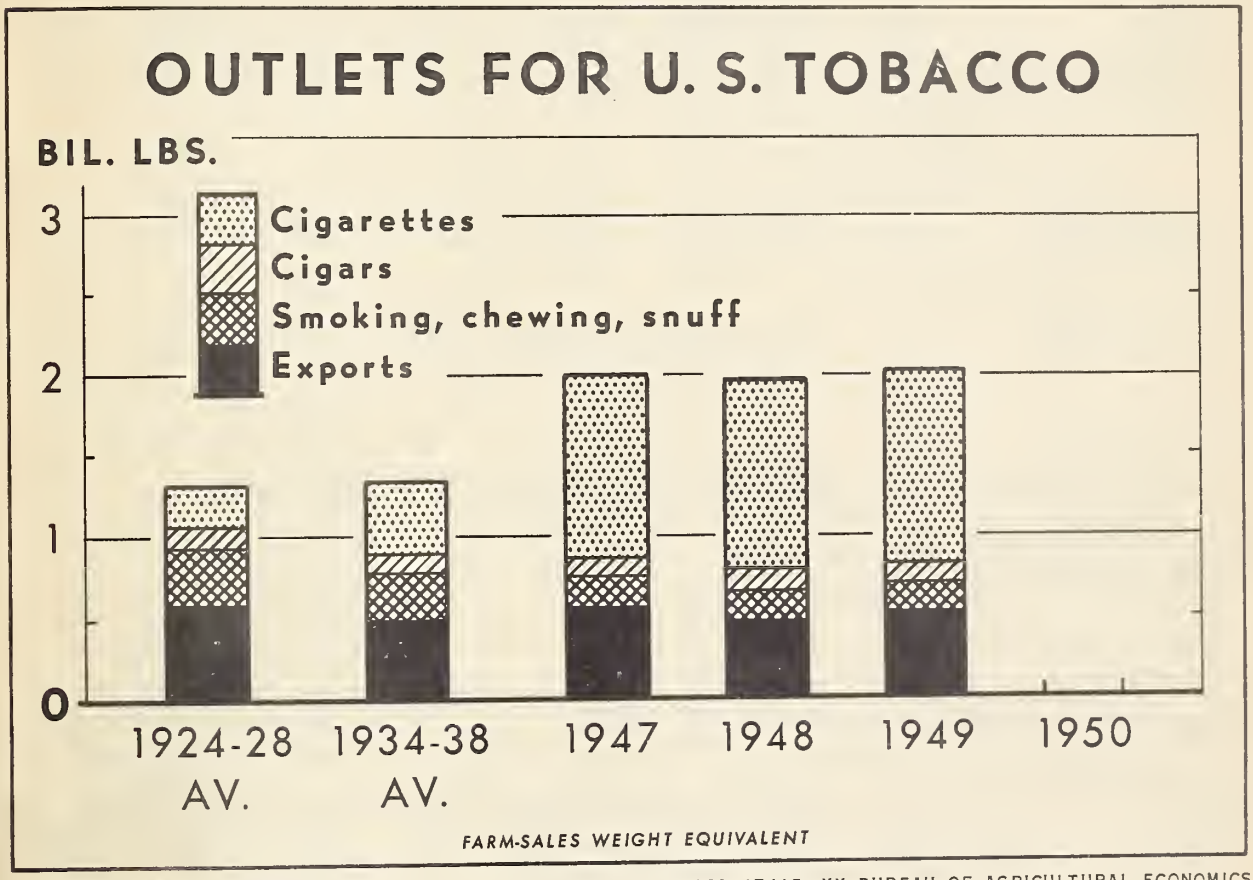

U. S. DEPARTMENT OF AGRICULTURE NEG. 47415-XX BUREAU OF AGRICULTURAL ECONOMICS

In recent years, United States cigarette manufacture has taken more domestic tobacco than the other tobacco products and leaf exports combined. In 1949, it is estimated that a record quantity of 1.2 billion pounds (farm-sales weight) of tobacco will be used in the manufacture of cigarettes. This is about 2¾ times the 1934-38 average and 4¾ times the 1924-28 average. Domestic leaf going into United States manufactures of smoking and chewing tobacco in recent years has fallen sharply below the levels of the late thirties and is only about one-half the 1924-28 average. Tobacco used in snuff has been comparatively stable. Since the war, cigar manufacture, though taking more leaf annually than the 1934-38 average, has not reached the levels of the late twenties. During the late twenties, exports provided an outlet for 45 percent of United States leaf, a larger share than that of any single manufactured tobacco product. In 1949, however, United States tobacco exports estimated at around 525 million pounds (farm-sales weight), will account for only 25 percent of the total. The share going to cigarettes is nearly 60 percent, compared with only about 20 percent in 1924-28.

STATISTICAL SUMMARY

Item	Unit or base period	1948				1949				Last data available as percent of a year earlier
		June	July	Aug.	Sept.	June	July	Aug.	Sept.	
Prices received at auctions										
Flue-cured	Cents per lb.	1/	51.9	49.5	48.9	1/	44.2	45.2	48.3	99
Maryland	do	43.7	43.8	38.7	1/	56.4	56.0	51.5	1/	133
Parity prices										
Flue-cured	do	48.8	48.8	48.8	48.5	47.2	46.9	46.5	46.3	95
Burley	do	47.3	47.3	47.3	47.1	45.7	45.5	45.1	44.8	95
Maryland	do	38.0	2/48.8	48.8	48.8	47.4	47.2	46.7	46.5	95
Fire-cured	do	22.6	22.6	22.6	22.6	21.9	21.8	21.6	21.5	95
Dark air-cured (35-36)	do	18.1	18.1	18.1	18.1	17.5	17.4	17.3	17.2	95
Virginia sun-cured (37)	do	24.2	24.2	24.2	24.2	23.5	23.4	23.2	23.1	95
Index of Prices Paid 3/	4/1919-28=100	166	166	166	166	161	160	159	158	95
	5/1934-38=100	213	213	213	212	206	205	203	202	95
Tax-paid Withdrawals										
Cigarettes, small 6/	Million	31,701	27,521	34,067	29,857	32,735	25,854	35,449	31,731	106
Cigars, large 6/	do	480	431	506	545	521	423	516	532	98
Chewing and Smoking	Million pounds	17	15	18	19	17	14	19	19	100
Snuff	do	3.3	3.0	3.2	3.7	3.3	2.2	4.0	3.7	100
Accumulated since Jan. 1										
Cigarettes, small 6/	Million	172,016	199,537	233,604	263,460	175,493	201,347	236,796	268,527	102
Cigars, large 6/	do	2,768	3,199	3,704	4,250	2,686	3,109	3,625	4,157	98
Chewing and Smoking	Million pounds	98	113	131	150	95	109	128	147	98
Snuff	do	21	24	28	31	20	23	27	30	97
Cigarettes, tax-free	Million	3,250	3,068	3,547	4,103	3,236	2,155	3,041		86
Accumulated since Jan. 1										
Tax-free	do	18,022	21,090	24,637	28,740	17,923	20,077	23,119		94
Tax-paid plus tax-free	do	190,039	220,627	258,241	292,200	193,416	221,424	259,914		101
Stocks, beginning of quarter 7/ (farm-sales weight)										
Flue-cured	Million pounds		1,550				1,538			99
Burley	do		1,046				1,116			107
Maryland	do		47				51			109
Fire-cured	do		181				177			98
Dark air-cured	do		85				82			96
Cigar, filler	do		146				149			102
Cigar, binder	do		142				139			98
Cigar, wrapper	do		15				17			113
Exports (farm-sales wt.)										
Flue-cured	Thou. lb.	16,366	61,021	43,196	47,976	18,696	23,442	55,430		128
Burley	do	1,515	1,457	1,543	1,495	2,884	4,413	6,494		421
Maryland	do	501	210	1,245	999	242	849	322		26
Fire-cured	do	2,827	3,457	2,553	3,425	8,582	4,284	5,543		217
Dark air-cured	do	354	500	646	432	2,907	999	1,114		172
Cigar	do	767	381	885	478	3,827	609	1,621		183
Total 8/	do	22,351	67,026	50,069	54,805	37,138	34,596	70,539		141
Accumulated since beginning of crop year										
Flue-cured	do	359,099	9/61,021	104,217	152,193	386,541	9/23,442	78,873		76
Burley	do	23,019	24,476	26,019	27,513	27,624	32,037	38,530		148
Maryland	do	2,362	2,573	3,818	4,818	3,826	4,675	4,997		131
Fire-cured	do	20,859	24,314	26,870	30,292	31,160	35,444	40,989		153
Dark air-cured	do	4,796	5,297	5,943	6,375	12,054	13,053	14,167		238
Cigar	do	5,553	5,935	6,819	7,297	21,088	21,697	23,317		342
Personal income 10/	Billion dollars	213	214	215	216	212	210	212		99
Index of Industrial Production 11/	1935-39=100	193	187	194	197	170	163	173		89
Percent Labor Force Employed	Monthly	96.6	96.5	96.9	96.9	94.0	93.6	94.2	94.7	98

1/ Closed. 2/ Beginning of computation under Title I of the Agriculture Act of 1948. 3/ For computing tobacco parity prices. 4/ All types except flue-cured, Burley, and Maryland. 5/ Flue-cured 11-14, Burley 31, and Maryland 32; base period for Maryland is 1936-40. 6/ Includes Puerto Rico. 7/ Stocks for July 1, 1949, are preliminary. 8/ Includes a small amount of Perique. 9/ Beginning of crop year. 10/ Seasonally adjusted monthly totals at annual rate. 11/ Unadjusted.

THE TOBACCO SITUATION

Approved by the Outlook and Situation Board October 25, 1949

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SUMMARY

Prospects for 1950

United States cigarette tobacco (flue-cured, Burley, and Maryland) is expected to continue in fairly strong demand in 1950 with prices near those received in the last year or two. Price supports for the 1950 crop of these types are likely to be slightly higher in the case of flue-cured and Burley and substantially higher for Maryland tobacco. Cigarette manufacture in 1950 is expected to nearly equal the record 1949 output. Cigarette production continued to increase in 1949 but at a lower rate than in the previous decade, as domestic consumption gained less than in the previous years and cigarette exports showed a moderate drop. In 1950, a continued gradual downtrend in economic activity appears probable and would be reflected in slightly lower levels of employment and incomes than in 1949.

The domestic use of fire-cured and dark air-cured tobacco in 1950 may be nearly the same as or a little lower than in 1949. Snuff consumption continues to absorb relatively stable amounts mostly of fire-cured tobacco, but the downtrend in chewing tobacco has persisted. This means smaller and smaller quantities of dark air-cured and certain grades of Burley and cigar binder will be required. The consumption of smoking tobacco, a sizable outlet for Burley, has not changed much in the past 4 years. A small increase in smoking tobacco use may occur in 1950 but no substantial upturn towards the much higher prewar level is probable.

United States cigar consumption in 1949 has been slightly below last year and may ease a little further in 1950 with a decline in personal income. The trend toward lower-priced cigars has continued and will probably prevent any sharp drop in total cigar consumption. The domestic use of cigar tobacco in 1950 may be off a little from this year.

Demand for cigar leaf fluctuated during the prolonged 1948-49 season and was marked by sporadic purchases. Parities and price supports for the 1950 crop of cigar tobacco will be much higher as computed in accordance with the Agricultural Act of 1949.

United States leaf tobacco exports in 1950 seem likely to be almost as large as the present estimate for 1949 of 465 million--pounds declared weight--(roughly equivalent of 525 million pounds farm-sales weight). The stocks of tobacco in many foreign countries are still low relative to consumption requirements. Although devaluation has increased the costs of United States tobacco in many countries usually taking substantial quantities, supplies of suitable tobacco are not available in other export areas to meet the import requirements of those countries. Also there is likely to be a tendency for leaf prices to rise in those producing areas which devalued along with the principal tobacco importing countries. ECA programs are a major factor affecting tobacco exports in the 1949-50 fiscal year and are expected to continue to be of major importance in 1950-51.

Tobacco Products

Cigarette output in 1949 is estimated at 392 billion compared to 387 billion in 1948 and 370 billion in 1947. Domestic use again is setting a new high, but the 1948 to 1949 increase of 9 or 10 billion was partly offset by an estimated drop of about 4 or 5 billion in cigarette exports. Domestic cigarette use gained less than in the two preceding years. The relative gain in total United States manufacture of cigarettes slowed to between 1 and 2 percent compared with around 5 percent for each of the two previous years. Although wholesale prices were unchanged from August 1948 through August 1949, the costs of cigarettes to consumers in a number of States have increased because of newly enacted or higher tax rates applied to cigarettes. The adult population is still increasing, and the number of cigarette smokers is likely to be a little larger in 1950 than in 1949.

Cigar production and consumption in the United States are expected to total approximately 5.6 billion in 1949 compared with 5.8 billion in 1948. More lower-priced cigars are being sold. In the first three-quarters of 1949, those retailing for 8 cents or less comprised 47 percent of the total compared to 42 percent in the same period of 1948. Cigar consumption has generally been more responsive to downward movements in personal income than have cigarettes.

Yearly smoking tobacco output in the United States was relatively stable from 1946 to 1948 at between 104 1/2 and slightly more than 107 1/2 million pounds. It will probably be close to 108 million pounds in 1949. This is far less than in prewar. Smoking tobacco prices, according to the wholesale price index, are only about 16 percent higher than 1939. With slightly lower incomes in 1950, some smokers may seek to economize by using smoking tobacco instead of more expensive tobacco products.

United States chewing tobacco output in 1949 is estimated at 92 or 93 million pounds--3 or 4 million pounds smaller than in 1948. This is the lowest yearly total in this century. Snuff manufacture and consumption in 1949 are expected to be fairly close to 40 million pounds--nearly as large as last year. Snuff prices, according to the wholesale price

index, are about 60 percent higher than prewar. The easing of consumers' incomes in 1950 could result in a small drop in snuff consumption.

Tobacco Leaf

The domestic use of flue-cured tobacco in the year ending June 30, 1950, is expected to be near the 715 million pounds used in the same period of 1948-49. Exports of flue-cured seem likely to top the 387 million pounds (farm-sales weight) shipped in 1948-49. Larger quantities will go to the United Kingdom, the foreign outlet which traditionally takes more than any other country. Devaluation has resulted in some hesitancy by importers to buy in the United States, but many countries whose stocks are low will not find adequate quantities of acceptable leaf elsewhere. The total 1949-50 supply of United States flue-cured is very slightly larger than a year ago. The 1950 marketing quota of 1,097 million pounds means a total allotted acreage not far different from that of 1949. Flue-cured growers voting in a referendum this year approved quotas for 1950, 1951, and 1952. Price support on these types that are produced under marketing quotas is assured at 90 percent of parity by legislation now in effect. The 1949 flue-cured crop is close to nine-tenths marketed. Prices have averaged 47 cents per pound--5 percent lower than for the 1948 crop but about 11 percent above the 42.5-cent support level. The average price of the 1950 crop may be nearer the support level but demand is not expected to diminish very much.

All outlets for Burley may absorb nearly as much during the marketing year, October 1949-September 1950, as the estimated 540 million pounds disappearance in 1948-49. The 1949-50 Burley supplies, which are the highest on record, will exert downward pressure on prices of the 1949 crop. The level of price support at 40.3 cents per pound is 5 percent lower than last season. Burley growers will vote this fall on a continuation of marketing quotas. Because of excess supplies, a cut in the 1950 acreage is in prospect.

The estimated 1950 supply of Maryland tobacco is up from 1949 because of the 14 percent larger 1949 production. Prices of Maryland tobacco to be auctioned in 1950 may not come up to the 54-cent average of last season.

Although supplies of fire-cured and dark air-cured tobacco for 1949-50 are a little lower than a year ago, they are still large in relation to anticipated requirements. While exports of dark tobacco in 1948-49 increased over the low level of the previous year, the prospects for 1950 seem poorer. Domestic use has either barely held its own or drifted lower for some types than a year earlier. When the fire-cured and dark air-cured types go to market in late 1949 and early 1950, prices are likely to be close to the support level as was the case last season. The support price for fire-cured is 30.2 cents per pound and for dark air-cured, 26.9 cents per pound. Both are 5 percent lower than the support levels of last year. Because of the more than ample supplies of these types, a cut in acreage seems probable in 1950. (All of these types have been produced under marketing quotas except type 37, Virginia sun-cured.)

The 1949-50 supply of domestic cigar filler slightly exceeds that of a year ago, but binder supplies are smaller. Shade-grown wrapper supplies are at a record high. Most cigar types sold at lower prices during

the 1948-49 season and considerable uncertainty characterized the marketing of some of these types. Price support operations were carried on in connection with those types produced in Wisconsin and Puerto Rico.

TOBACCO PRODUCTS

Cigarettes

Cigarette consumption in the United States is expected to continue in 1950 at near the record 1949 level. Cigarette exports in 1950 may fall below the 1949 rate which has been 16 percent lower than in 1948. Although personal income and general economic activity in the United States in 1950 may be moderately lower than in the last year or two, they will still be at relatively favorable levels and high cigarette consumption is likely to be maintained. Consumer demand for cigarettes is relatively inelastic and a moderate drop of income from the 1949 level probably would not lower cigarette consumption. There probably will be a slightly larger number of smokers in 1950 because of the population increase. Some smokers will pay more for cigarettes because of the higher tax rates or new cigarette taxes levied in seven States, District of Columbia, Alaska, and Hawaii during the last several months. This leaves only eight States without State taxes on cigarettes. However, these measures are not expected to affect over-all cigarette consumption to any marked extent. Federal legislation to assist States in collecting sales and use taxes on cigarettes was approved October 19, 1949. This aims to assist States having cigarette taxes to collect on cigarettes shipped in for profit from outside and on which the State tax has not been paid. August wholesale prices of cigarettes were unchanged from a year ago, when they were advanced by manufacturers. They are about one-fourth higher than in the late thirties.

Table 1.- United States cigarettes: Domestic consumption, exports, and total manufacture, average 1935-39, annual 1946-49

Year	Domestic consumption	Tax-free uses 1/		Total manufacture
		Total	Exports	
	Million	Million	Million	Million
1935-39 av.	157,048	7,245	5,477	164,236
1946	320,844	31,049	24,325	350,038
1947	335,401	34,151	22,796	369,683
1948	348,408	38,691	25,179	2/387,000
1949 2/	358,000	34,000	21,000	392,000

1/ In addition to exports, tax-free uses include, principally, ships' stores and shipments to some territories and other overseas areas.
2/ Preliminary estimate.

Total cigarette production in 1949 is expected to approximate 392 billion compared with 387 billion in 1948. The relative gain from 1948 to 1949 is only between 1 and 2 percent. From 1947 to 1948, the relative gain was about 4 2/3 percent; and from 1946 to 1947, was over 5 1/2 percent. The annual percentage rate of increase from 1936 to 1941 averaged 6 1/2 percent.

The great bulk of United States-produced cigarettes are consumed in the United States while commercial exports have accounted for around 6 or 7 percent of the total in each of the past 3 years. United States cigarette consumption during 1949 may reach 358 billion compared with 348 billion last year. In 1947 and 1948, about 11 1/2 and 13 1/2 billion were shipped to United States territories and went into ships' stores and certain other tax-free uses. Domestic consumption in 1939 was about 172 billion and in 1929, 119 billion. During the thirties, there were steady gains in cigarette consumption and during the war and postwar years, sharp increases occurred. There now appears to be a leveling off of the upward trend, and in 1950 cigarette consumption is expected to be close to the 1949 level. Although somewhat lower incomes or higher costs of cigarettes due to State taxes may cause some smokers to economize; this is likely to be offset by the increased consumption resulting from the larger number of smokers, and total consumption will be little affected.

Cigarette exports in 1950 will probably be lower as the Philippines, the largest foreign taker, reduce their imports and carry forward an expansion of their own tobacco industry. A few other foreign countries may take less cigarettes because of the tight dollar exchange situation and the somewhat less favorable exchange ratio of their own currency for dollars since devaluation. Cigarette exports in 1949 are estimated at around 21 billion compared with the record 25 billion shipped in 1948. United States cigarettes have numerous foreign destinations; and although total exports are below last year, they are still about 4 times the prewar average. Cigarette exports of around 21 billion (1949 estimate) require a substantial quantity of tobacco--roughly 58 million pounds (farm-sales weight) of United States leaf. Among the foreign outlets, the Philippines for several years have been in first place and in 1948, took 46 percent of the total. The Philippine Republic is now seeking to rehabilitate its own tobacco industry and has taken steps to limit imports of cigarettes from the United States. In January-August 1949, the Philippines' imports of cigarettes dropped 28 percent below the same period a year earlier. In 1948 at least one-half billion cigarettes or more went to each of 10 foreign destinations including the Philippine Republic and accounted for about 78 percent of the total. During January-August 1949, 4 of these countries took more cigarettes than in the same period last year while the 6 others took less. Combined cigarette exports from the United States to the rest of the world decreased 5 percent. (See table 2.)

Table 2.- Cigarette exports from the United States, average 1934-38, annual 1947-48; and January-August 1948-49 with percentages

Country	Calendar year			January-August		Percent 1949 is of 1948
	1934-38	1947	1948	1948	1949	
	Million	Million	Million	Million	Million	Percent
Philippines, Rep. of	2,544	9,640	11,575	7,180	5,146	72
Belgium-Luxembourg	63	1,651	1,895	920	677	74
Curacao (N.W.I.)	105	759	1,221	786	492	63
Tangier 1/	12	543	941	642	737	115
Switzerland	16	351	826	522	474	91
Hong Kong	22	1,444	748	437	450	103
Panama, Rep. of 2/	389	628	719	474	421	89
Venezuela	39	583	702	440	563	128
Italy	34	121	518	329	220	67
Czechoslovakia	1	277	502	151	350	232
Total 10 countries	3,225	15,997	19,647	11,881	9,530	80
Other countries	1,550	6,799	5,532	3,760	3,555	95
Total all countries	4,775	22,796	25,179	15,641	13,085	84

1/ Includes French Morocco. 2/ Includes Canal Zone.

Cigars

United States cigar consumption in 1949 has been running a little below the 1948 rate. Cigar consumption in 1950 may ease a little further with a decline in personal income, but no considerable change from the 1949 level is expected. Cigar consumption in 1949 is estimated at 5.6 billion compared with 5.8 billion in 1948. In the late thirties, the total consumption of cigars in the United States averaged about 5.4 billion but rose in the early war years of 1941 and 1942 to an average of 6.1 billion. Since 1946, cigar prices have averaged well above prewar but in the last few months, there has been an increasing tendency on the part of consumers to buy lower-priced cigars. Cigars selling for 8 cents or less in the first 9 months of 1949 comprised 47 percent of the total compared to 42 percent in the same period of 1948. During 1935-39, about nine-tenths of all cigars were in the lower price brackets and almost all of these were 5 cents or less.

Table 3.- Cigar consumption 1/ by retail price groups, average 1935-39, 1946-49

Year	8.0 cents or less		8.1 to 15.0 cents		15.1 cents or more		Total	
	Mil.	Pct.	Mil.	Pct.	Mil.	Pct.	Mil.	Pct.
1935-39 av.	4,800	89.6	516	9.6	43	.8	5,359	100.0
1946	3,168	53.6	2,370	40.1	376	6.3	5,914	100.0
1947	2,262	40.2	3,085	54.8	284	5.0	5,631	100.0
1948	2,450	42.4	3,025	52.4	300	5.2	5,775	100.0
1948 Jan.-Sept.	1,786	42.0	2,248	52.9	216	5.1	4,250	100.0
1949 Jan.-Sept.	1,950	46.9	1,997	48.0	210	5.1	4,157	100.0

1/ Indicated tax-paid withdrawals based on sales of revenue stamps.

Cigar tobacco and wage rates in cigar manufacturing have been considerably higher in the last few years than in the prewar period. Productivity in the manufacture of cigars has risen to some extent, but it seems doubtful that larger cigar consumption can be brought about over the next few years unless some reductions occur in cigar prices.

Cigar shipments from Puerto Rico to the United States are now at a very low level. Consumption of Puerto Rican cigars dwindled sharply from around 50 million in 1936 to 7.5 million in 1943 but rose rapidly again in 1945 and 1946 to around 80 million when cigars were in short supply in the United States. Only about 7 million Puerto Rican-made cigars were consumed in the United States in fiscal 1949. Cigar imports from the Philippine Republic are only a small fraction of what they were in the late thirties when nearly 200 million Philippine cigars were smoked in the United States annually. Imports from the Philippine Republic in the 12 months ending June 1949 totaled only 11 million cigars.

Smoking Tobacco

The output of smoking tobacco, most of which is used in pipes, has been stable for the past 4 years. During the war, the use of smoking tobacco dropped from the prewar level of about 200 million pounds yearly to only 140 million pounds in 1944 but recovered somewhat in 1945 when the shortages of cigarettes resulted in some substitution. In 1946, another sharp reduction in consumption occurred; and since that time, annual production has been around 106 million pounds. Production during the first 8 months of 1949 totaled over 70 million pounds, about the same as in January-August 1948. The 1949 calendar year total will probably be close to 108 million pounds, about the same as in 1948. A slight increase may occur in 1950. If incomes are a little lower during 1950, some smokers may economize by purchasing smoking tobacco, which is usually a cheaper form of tobacco consumption. Wholesale prices of smoking tobacco increased slightly from May to June this year but are only about 16 percent higher than in 1939. The Federal tax rate on smoking tobacco was not raised in 1942 when levies were increased on cigarettes and cigars. Some 40 States now tax cigarettes, but only around one-fourth of these tax smoking tobacco. Since these taxes are reflected in retail prices, the increases in costs of smoking tobacco to the consumer due to the tax component have not been as much as in the case of cigarettes.

Exports of smoking tobacco in bulk during January-August 1949 have been running about one-fourth above the same period a year earlier, but packaged smoking tobacco exports were down nearly one-third. For the year as a whole, packaged and bulk smoking tobacco exports will only account for around 2 percent of the total manufacture of smoking tobacco.

Chewing Tobacco

The consumption of chewing tobacco continued to decline during 1949. The trend downward since the early 1920s was interrupted during the war years. However, production of chewing tobacco in each year since 1944 has fallen below the preceding year. It is estimated that the 1949 output of chewing tobacco will be around 92 or 93 million pounds, about 3 or 4 million pounds below that of 1948. It seems likely that 1950 production may fall another 1 or 2 million pounds if the long-term trend continues. During the first 8 months of 1949, the manufacture of plug and scrap fell 6 and 5 percent respectively below the same period of 1948. These two products usually account for about nine-tenths of total chewing output. The January-August 1949 production of twist was nearly 3 percent larger; but of fine-cut, was 18 percent smaller than in the comparable period of 1948. Wholesale prices of chewing tobacco as of August 1949 were about 30 percent above 1939 although showing no increase since late 1946.

Exports of chewing tobacco during the first 8 months of this year were smaller than in the same period a year earlier and for the entire year of 1949, will probably be between 2 and 3 million pounds.

Snuff

Snuff production and consumption have been relatively stable for many years. During the 1920s and 1930s, snuff consumption held between 36 and 40 million pounds. Some increase took place during the war years, and a peak of nearly 44 million pounds was reached in 1945. Following the war, snuff consumption dropped to between 39 and 40 million pounds in 1946 and 1947 but rose to 41 million in 1948. It is estimated that the 1949 total will be close to 40 million pounds. Snuff consumption may ease a little further in 1950 if personal income shows a moderate decline and unemployment edges upward. However, no sharp change is expected. Wholesale prices of snuff went up quite sharply in early 1948 but showed no further change through August 1949. The August 1949 BLS index for wholesale prices of snuff was about three-fifths higher than the 1939 level.

EXPORTS OF UNMANUFACTURED TOBACCO 1/

Unmanufactured tobacco ranks among the first 3 or 4 agricultural exports of the United States. Although absorbing a smaller share of United States tobacco production in the last 2 or 3 years than formerly, the export outlet is still of major importance. Domestic use of tobacco has increased so sharply in the last 10 years, due in large part to the increased consumption of cigarettes, that the export share of the total yearly disappearance dropped from 36 percent in 1934-38 to an estimated 25 percent in 1949. (See cover chart.)

The 1949 United States exports of unmanufactured tobacco will probably total about 465 million pounds compared with 427 million in 1948 and the 1934-38 average of 437 million. It seems probable that United States tobacco exports in 1950 will be at least 450 million pounds and perhaps higher. Consumption has risen in countries, where not curtailed by drastic governmental measures. A number of foreign governments are keenly interested in the importation of tobacco due in part to its importance of the revenue producer. The financing of United States tobacco imports of western European countries by the Economic Cooperation Administration is of major importance during the current fiscal year and will probably continue to be a factor in 1950-51.

The recent devaluation of the currencies of several countries, which are important foreign customers for United States tobacco, is not expected to affect tobacco exports to any marked degree during the 1949-50 fiscal year. A number of commitments had already been made for 1949 tobacco prior to devaluation. The size of tobacco imports from the United States has been controlled by various government restrictions in a number of foreign countries in recent years. Several countries have taken as little tobacco as possible from dollar areas and stocks are at relatively low levels. A few western European countries have increased

1/ Quantities of tobacco in this section are stated in terms of export weight, which is less than the equivalent farm sales weight.

their domestic production, and some expansion has occurred in other soft currency areas. However, because there is no other large enough source of supply of the tobacco of the types and quality wanted, the United States is likely to continue to be by far the world's largest tobacco exporting country. Tobacco prices in some soft currency areas have been above the prices of comparable United States types. Devaluation in soft-currency areas has brought their prices more nearly in line with United States prices. Over the next year or so, the strong demand for tobacco in non-dollar areas is likely to exert upward pressure on their leaf prices. The expansion of tobacco much further in Southern Rhodesia and some other areas will be difficult and at considerable cost. However, Southern Rhodesia is planning some further increases. United States tobacco prices are lower this season than last and may hold about even next year. Owing to the availability of supplies and high quality, United States leaf will still be in fairly strong demand. However, even further improvement of quality is important to holding markets.

Although tobacco procured in the United States by some countries that have devalued will cost more in terms of their own currencies, the prices of tobacco products to consumers in these countries will not be raised in the same proportion. This is because (1) Government taxes on tobacco constitute such a large proportion of the prices which consumers pay for tobacco products and (2) other costs such as labor, other tobacco etc., will not immediately increase, although upward pressure will probably be exerted after some lapse of time.

If the hoped-for result from devaluation occurs, the United Kingdom and other countries that devalued will sell more dollar-earning exports. Assuming an increase occurs in the dollar earning capacity on the part of western European nations and other areas, over the longer term, this may enable these countries to increase their purchases of United States tobacco more nearly in line with the rising trend in tobacco consumption. However, if these countries are to earn more dollars by direct exports to the United States, the United States market will have to absorb substantially more imports especially where prices have been lowered by the changed currency relationships.

During January-August 1949, United States exports of unmanufactured tobacco were 277 million pounds--5 percent larger than in January-August 1948 and more than one-fourth above the 1934-38 average for those months. Flue-cured shipments during January-August 1949 were lower than in the same period last year mostly because of the substantial quantities taken from Commodity Credit Corporation stocks by the British in July and August 1948. All other export leaf classifications except Virginia fire-cured were shipped in larger quantities in the first 8 months of this year than in the same period of 1948. Sharp gains occurred in Burley, cigar, Kentucky-Tennessee fire-cured, One Sucker, and Green River. Maryland tobacco exports were up about one-third and Black Fat increased 3 percent. Stems, trimmings, and scrap fell off to about one-half of that shipped in January-August 1948.

Table 4.- United States exports of unmanufactured tobacco, for specified periods, by types, to principal importing countries

(declared weight)

Type and country	Calendar year				January-August			
	1924-28 average	1934-38 average	1947	1948	1934-38 average	1948	1949	1949 as percent of 1948
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Percent
Flue-cured	1/ 324.0	324.9	400.1	342.7	139.4	211.4	183.3	87
Burley	8.9	11.6	43.0	23.4	8.0	14.6	26.1	179
Maryland	14.3	5.5	6.3	7.8	4.0	3.6	4.8	133
Va. fire-cured	22.6	9.7	7.6	7.6	6.3	3.7	2.8	76
Ky. and Tenn.	1/ 126.6	53.7	21.3	19.9	39.6	12.5	24.7	198
One Sucker	2/	.7	2.0	1.2	.4	.8	5.6	700
Green River	15.8	3.0	1.5	.8	2.6	.4	2.7	675
Black Fat, etc.	1/ 2.0	9.0	4.9	5.1	5.9	3.5	3.6	103
Cigar	.8	1.3	6.2	6.1	.6	3.7	18.8	508
Perique	1/ .1	.1	.1	.1	.1	.1	2/	---
Stems, tr., and scrap	12.0	17.8	14.2	11.9	9.6	8.7	4.5	52
Total unmfd.	527.1	437.3	507.2	426.6	216.5	263.0	276.9	105
Country of destination:								
United Kingdom	164.8	213.9	198.0	167.0	72.9	106.7	51.4	48
France	34.6	21.0	10.2	.7	19.7	.1	14.6	---
Belgium-Luxembourg	21.1	15.5	19.9	18.0	9.9	12.0	7.9	66
Netherlands	31.5	15.6	55.9	23.4	9.1	9.6	17.7	184
Germany	34.0	12.8	3.1	26.4	8.0	6.1	68.3	1,120
Portugal	4.4	4.8	6.9	11.8	3.3	9.2	9.0	98
Denmark	5.2	4.6	10.1	10.1	2.4	6.9	8.9	129
Ireland	3.8	7.4	15.5	12.2	3.3	3.0	10.8	360
Switzerland	2.8	3.8	10.9	15.3	2.2	9.4	6.4	68
Norway	4.1	4.7	6.9	11.1	2.0	5.6	5.2	93
Sweden	4.7	7.2	16.6	11.1	2.2	4.9	4.2	86
Italy	7.8	1.1	23.3	4.5	.7	4.5	2.2	49
China	92.5	48.2	39.8	28.4	29.3	23.9	3.1	13
Australia	21.5	18.4	24.3	19.1	13.1	12.8	10.0	78
India	5.4	2.6	11.4	10.1	1.7	9.6	5.8	60
New Zealand	.6	2.5	5.3	4.0	1.4	3.5	4.7	134
Other countries	88.3	53.2	49.1	53.4	35.3	35.2	46.7	133
Total	527.1	437.3	507.2	426.6	216.5	263.0	276.9	105

1/ Partially estimated.
2/ Less than 50,000 pounds.

A comparison of the various leaf classifications in January-August 1949 with the 1934-38 average for those months indicates an increase in exports of 31 percent for flue-cured and 225 percent for Burley. Flue-cured accounted for 64 percent of total shipments for January-August 1934-38, and Burley was less than 4 percent. In January-August 1949, the flue-cured exports comprised 66 percent and the Burley proportion had risen to 9 percent of the total. Cigar tobacco shipments were far above prewar, with a substantial part of it being Puerto Rican. The shipments of One Sucker were also far above prewar, but Black Fat, a semi-processed article using considerable One Sucker tobacco, dropped nearly 40 percent below prewar. Maryland tobacco shipments in the first 8 months of 1949 were one-fifth higher than the average of the same months in 1934-38. Green River shipments held about even with prewar. The Virginia fire-cured and Kentucky-Tennessee fire-cured exports in January-August 1949 were down 56 and 38 percent, respectively, from the prewar average for those months.

The largest shipments to any single country during the first 8 months of 1949 went to Germany. Substantial quantities of both cigarette and cigar types were shipped. For many months after the war's end, tobacco consumption in Germany was very low and black markets in cigarettes were notorious. As German imports of leaf tobacco have increased, much trade has returned to more normal channels. Important quantities of United States tobacco went to Germany in the late twenties but were sharply curtailed during the Nazi era. The prospects for a continuation of sizeable shipments of United States tobacco to Germany appear to show some promise. United Kingdom, usually the largest single export outlet, took very small quantities during the first half of 1949, but shipments were up sharply in August as purchases from the 1949 flue-cured crop began to move. During the remainder of 1949, exports to Britain will be up sharply. It is estimated that United Kingdom purchases will amount to around 165 million pounds from the 1949 crop.

France, Netherlands, Denmark, Ireland, and New Zealand took more United States tobacco in January-August 1949 than in the same months last year. Belgium-Luxembourg, Switzerland, Sweden, Italy, Australia, and India got less. Exports to Portugal and Norway were off a little. By far, the sharpest decline occurred in China with January-August 1949 exports dropping to only 13 percent of those in the same period last year. The highly unsettled conditions resulting from the Chinese War will probably continue to keep tobacco exports to that area at a relatively low level. In January-August 1949, the combined exports of United States tobacco to the many additional destinations spread all over the world rose by one-third over those in January-August 1948.

In 1948, Britain took about one-fifth less than the 1934-38 average and France took a very small quantity compared to prewar. Most other western European countries took substantially more in 1948 and also in the first 8 months of 1949 than in the comparable period of 1934-38.

In July-September 1949, the Economic Cooperation Administration authorized about 97 million dollars for the procurement of about 185 million pounds of United States tobacco. The largest share, 65 million dollars, went to Britain, who normally imports more United States tobacco than any other single country. Other countries receiving grants were Belgium-Luxembourg, Bizone Germany, Denmark, France, Ireland, Netherlands,

Norway, and Austria. About 85 percent of the total authorization approved during July-September 1949 was for flue-cured, which is the predominant export type. Marketings of the 1949 flue-cured crop began in late July while most other types will not be marketed till late in the year and in early 1950. Some authorizations were announced for Burley, cigar, fire-cured, dark air-cured, and Maryland tobacco. ECA-financing is expected to continue as a major facotr in United States tobacco exports during the next year or two if appropriations to implement the original 4-year program are continued. The cooperating countries of western Europe have usually taken around three-foruths of total United States tobacco exports.

British Tobacco Situation

In the year ending June 1949, British imports of tobacco were 282 million pounds, but only a little over one-half of this came from the United States. During July 1934-June 1939, yearly imports averaged 272 million pounds with the United States supplying about three-fourths of the total. In 1948-49, the non-United States tobacco came mostly from Southern Rhodesia (14 percent), India (12 percent), Turkey (9 percent), and Nyasaland and Canada (5 percent each). Southern Rhodesia has expanded her production considerably, and British imports from that area were 2 1/2 times those of prewar. The 1948-49 imports from Turkey were significant for the first time in many years. British manufacturers are now including Turkish tobacco in cigarettes for home consumption. Most cigarettes in Britain previously were made exclusively from flue-cured.

At the end of July, British stocks of tobacco at 322 million pounds were the lowest for that date since the war's end and far less than the prewar average. The July stocks of United States tobacco were probably very low, principally, because of the small imports in 1948-49. British home consumption of tobacco during July 1948-June 1949 was about 211 million pounds or practically the same as in the previous year. In the recent year, tobacco from British areas comprise about 31 percent of this total compared to 26 percent in 1947-48. The recent devaluation of the British pound by 30.5 percent will have the effect of increasing the cost of United States tobacco to British manufacturers. Since United States tobacco can be bought only with dollars, British manufacturers must exchange about 44 percent more pound sterling for the necessary dollars in order to purchase United States tobacco. However, of the retail prices paid by British consumers for tobacco products, 75 to 80 percent is the result of the high import duty. Because of this, the increased costs (in terms of their own currency) of the United States leaf in British tobacco products would necessitate only a small relative increase in retail prices of tobacco products. This assumes that the import duty does not change and that other costs for processing, labor, and leaf from soft currency areas do not advance. It seems likely that in time, competition for non-dollar leaf will tend to raise tobacco prices in the soft currency areas.

British exports of tobacco products totaled 47 million pounds in 1948-49, 95 percent of which were cigarettes. During January-August 1949, British tobacco exports were running about 6 percent ahead of those in January-August 1948.

TARIFF CHANGES ON TABACCO

The United States obtained and granted several tariff and trade concessions in connection with tobacco at sessions held in Annecy, France, this year. These were announced on October 12.

Denmark bound against increase the moderate duty on leaf tobacco. Finland gave assurance that United States tobacco types would not be made dutiable at rates in excess of those on leaf from other countries. Italy bound leaf tobacco on the free list. Liberia reduced the duty on leaf tobacco by one-third, that on cigars by one-fourth, and bound the present duty on cigarettes. The Dominican Republic reduced by 50 percent the existing duties on leaf and shredded cigarette tobacco. Uruguay bound their present duties on certain types of tobacco and cigarettes. The 1948 value of exported tobacco items on which concessions were granted to the United States was about 4 percent of the total value of all tobacco (including products) exported from the United States. This was distributed as follows:

Country	Unmanufactured tobacco	Cigarettes	Cigars	Smoking tobacco
	Thous. dol.	Thous. dol.	Thous. dol.	Thous. dol.
Denmark	5,611			
Finland	594			
Italy	2,448			
Liberia	191	180	5	
Dominican Republic	3			198
Uruguay	781	484		

The principal tobacco concession granted by the United States was on cigarette leaf. The duty on unstemmed cigarette leaf tobacco was reduced by one-third--that is, from 30 cents per pound to 20 cents per pound. This duty reduction was negotiated with Greece and will apply to imports of all unstemmed cigarette leaf except the Latakia type, which was fixed at 15 cents per pound in the Geneva agreement in 1947. Imports of cigarette leaf consist largely of the Turkish-type tobacco, which have come mostly to the United States from Turkey and Greece. (See table 5 in next section) This tobacco is generally considered to be complementary to domestic tobacco with which it is blended.

In the negotiation with the Dominican Republic, the duty rates on unstemmed cigar leaf and scrap tobacco imported into the United States was set at 17 1/2 cents per pound, and on stemmed cigar leaf at 25 cents per pound. The rates on the corresponding import items coming from Cuba are 14 and 20 cents per pound. Prior to the Annecy negotiations, tobacco of non-Cuban origin has had a duty rate of 35 cents on unstemmed cigar filler and scrap, and 50 cents on stemmed cigar filler until a total of 22 million pounds of Cuban tobacco were entered or withdrawn in the calendar year. After that quantity was reached, the rates on non-Cuban tobacco imported in the remainder of the year dropped to 21 cents a pound for unstemmed cigar filler and scrap, and 30 cents for stemmed cigar filler. The imports of tobacco from the Dominican Republic into United States have been insignificant.

The United States reduced the duty rate on snuff and snuff flour by one-half in the negotiations with Italy. This has also been a very small import item.

IMPORTS AND SHIPMENTS 2/

Total United States imports of tobacco for consumption declined moderately from 1947 to 1948 but during the first 8 months of 1949, were 10 percent larger than in the same months of 1948. The drop in total tobacco imports from 1947 to 1948 was due to the decline in cigar tobacco imports, mostly from Cuba which more than offset the gain in the cigarette leaf imports. During January-August 1949, cigarette leaf imports continued to gain but not as much percentage-wise as from 1947 to 1948. During the first 8 months of this year compared with January-August 1948, cigar filler imports also increased and imports of scrap, which goes largely into cigar manufacture, were up sharply. However, cigar wrapper imports were about 35 percent less and were well below one-half the comparable 1934-38 average.

As usual, the principal sources of cigarette leaf imports during January-August 1949 were Turkey and Greece. Imports of tobacco from Turkey were up a little over January-August 1948 and were 2 1/2 times those of the comparable 1934-38 period. Imports from Greece, though up more than one-third over January-August 1948, were only a little more than one-half the comparable 1934-38 average. Other smaller supplying countries accounted for about 5 million pounds in January-August 1949 compared with 7 million pounds in January-August 1948. United States imports of tobacco from these countries which include Syria, Bulgaria, U.S.S.R., Southern Rhodesia, and Yugoslavia were very minor, if any, in 1934-38 and likewise in 1924-28. Since the end of World War II, the predominant share of cigarette leaf imported into the United States has come from Turkey. In 1934-38, Greece supplied an equal amount but in 1924-28, accounted for 1 1/2 times the quantity coming from Turkey.

Stocks of foreign grown cigarette and smoking tobacco in the United States on July 1 were nearly 150 million pounds (unstemmed equivalent)--one-fifth larger than a year earlier and roughly double the average holdings in prewar years.

Most United States cigar tobacco imports come from Cuba. During January-August 1949, imports from Cuba were one-fifth larger than in the same months a year earlier and also above the comparable 1934-38 average. When cigar manufacture in the United States was averaging around 6 1/2 billion as in the late 1920's, imports of tobacco from Cuba averaged 23 1/2 million pounds. Most cigar wrapper imports into the United States have originated in the Sumatra area of the Netherlands Indies. During January-August 1949, imports for consumption from that area were running below the same months of 1948 and were far below the usual prewar rate. With the decline in the level of cigar manufacture from the 1924-28 period to the 1934-38 period, United States takings of Netherlands Indies wrapper dropped from around 6 million pounds to less than an average of 2 million pounds.

2/ Imports of tobacco from foreign countries and shipments of the Territory of Puerto Rico to the United States are on a declared-weight basis.

Table 5.- United States imports for consumption of unmanufactured tobacco, from principal supplying countries and shipments from Puerto Rico, for specified periods

(declared weight)

Classification and country of origin	Calendar year				January-August			
	1924-28 average 1/	1934-38 average	1947	1948	1934-38 average	1948	1949	1949 as percentage of 1948
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Percent
Total imports 2/	78.3	66.4	90.4	84.2	44.2	56.0	61.6	110
Cigarette leaf								
Unstemmed	46.1	44.4	58.8	64.1	30.2	42.7	44.6	104
Turkey	13.1	18.2	42.6	45.3	12.2	30.4	31.3	103
Greece	20.1	18.8	6.7	8.1	13.0	5.1	6.9	135
Syria	.2	.5	3.1	4.5	.3	3.1	2.6	84
Bulgaria	.5	.6	2.7	2.3	3/	1.7	.9	53
U.S.S.R.	.0	.1	1.7	2.0	3/	1.2	1.3	108
So. Rhodesia	.0	3/	1.2	1.3	3/	.8	.9	112
Yugoslavia	.0	.0	.5	.5	.0	.4	.3	75
Cigar leaf(filler):								
Stemmed	13.8	7.2	16.0	10.8	4.6	6.8	8.2	121
Cuba	13.8	7.1	15.9	10.8	4.6	6.7	8.2	122
Unstemmed	8.6	4.1	5.9	4.1	2.8	3.0	2.8	93
Cuba	7.8	4.1	5.8	4.0	2.8	2.8	2.8	100
Scrap	1.9	5.2	7.7	3.8	3.6	2.3	3.7	161
Cuba	1.8	2.9	6.7	3.7	2.0	2.3	3.3	143
Philippines	.0	2.3	1.0	.1	1.6	---	.3	---
Cigar wrapper	6.3	2.7	1.4	1.0	1.3	.8	.5	62
Netherlands I.	4/ 6.1	4/ 1.9	1.0	.8	1.2	.6	.4	67
Philippines	.0	.6	.0	.0	3/	.0	.0	---
Cuba	.1	.2	.3	.2	3/	.2	.1	50
Total from Cuba	23.5	14.3	28.7	18.7	9.4	12.0	14.4	120
Shipments from Puerto Rico								
Total	27.0	22.5	15.1	15.2	10.8	9.0	8.9	99
Stemmed	16.1	17.4	10.0	9.6	8.3	6.1	5.2	85
Unstemmed	5.1	.1	.1	3/	3/	3/	.2	---
Scrap	5.8	5.0	5.0	5.6	2.5	2.9	3.5	121

1/ General imports.
2/ Includes tobacco stems, not cut, ground, or pulverized, not shown separately.
3/ Less than 50,000 pounds.
4/ Netherlands Indies tobacco shipped as Netherlands.

Puerto Rican tobacco that is shipped to the United States is used mostly as cigar filler. During January-August 1949, shipments held almost even with those of the same months a year earlier. However, compared with the 1934-38 average, Puerto Rican shipments in 1948 were down about one-third. As with the other cigar tobacco areas, annual Puerto Rican shipments in the late 1920s were substantially larger than in most years since.

In the past year, substantial quantities of Puerto Rican tobacco have been exported mostly to Germany.

Both the Island and Continental United States stocks of Puerto Rican tobacco have declined. The July 1, 1949, Puerto Rican tobacco stocks in the United States were the lowest for that month in the past 20 years with two exceptions.

1950 PRICE SUPPORTS ON TOBACCO

Price supports for the 1950 crop of tobacco as provided in the Agricultural Act of 1949 are likely to be slightly higher for flue-cured and Burley and substantially higher for several cigar types and Maryland tobacco than those applying to the 1949 crop. The fire-cured and dark air-cured price supports are related to the Burley loan rate and, thus, may also be a little higher for the 1950 crop than for the 1949 crop.

The parity index as defined in the new legislation includes prices paid by farmers, interest, taxes, and wages paid hired labor. Previously, tobacco parities were computed with the index of prices paid by farmers as provided by legislation for all commodities with a post-World War I base period.

The Agricultural Act of 1949 continues the level of price support for the 1950 crop at 90 percent of parity for tobacco on which marketing quotas are in effect. Flue-cured, Burley, fire-cured and dark air-cured (types 35-36), tobacco are now under quota. Cigar tobacco and Maryland tobacco are not now produced under Federal quotas; and if no acreage allotments or quotas are in effect on these types in 1950, their price supports will be from 75 to 90 percent of parity depending on the supply level. For tobacco not under quotas, the higher actual supplies are, in relation to "normal supply," the lower will be the percentage of parity for the purposes of price support. Each 2 percent excess of actual supply over "normal supply" results in a 1 point downward adjustment of the 90 percent of parity price support; but when actual supply exceeds "normal supply" by more than 30 percent, the price support level remains at 75 percent of parity. If the supply level is such that the proclamation of a quota is mandatory and more than one-third of the growers voting disapprove it, no price support would be available for that crop of tobacco.

For the purpose of illustration only and based on indexes as of September 15, approximate parity prices for 1950 for the various types of tobacco have been estimated in accordance with the new method set forth in the Agricultural Act of 1949. The parities according to the present method have also been computed, and comparative data appear in the table below. With respect to price support for the four crop years beginning with the 1950 crop, parity prices for tobacco cannot be lower than the parity prices computed under the parity formula now in effect.

Table 6.- Tobacco: Parity according to present method and estimated parity according to method provided in the Agricultural Act of 1949 1/

Type	Present 2/ method	Estimated 3/ by method in 1949 Act
	Dol. per lb.	Dol. per lb.
Flue-cured (types 11-14)	.463	.495
Fire-cured (types 21-24) 4/	.215	.298
Burley (type 31)	.448	.497
Maryland (type 32)	.465	.589
Dark air-cured (types 35-36) 4/	.172	.265
Virginia sun-cured (type 37) 4/	.231	.334
Cigar tobacco:		
Type 41	.223	.280
Types 42-56	.319	---
Types 42-44	.203	.265
Type 46	.350	.349
Type 51	.451	.566
Type 52	.477	.586
Type 53	.269	.293
Type 54	.220	.275
Type 55	.286	.339
Type 56	.307	.434
Type 61	1.534	2.621
Type 62	.953	1,989

1/ Based on prices paid index as of September 1949 in case of present method and on the prices paid, interest, taxes, and wages as of September 1949 in case of the method provided in the Agricultural Act of 1949.

2/ Average price in the base period multiplied by the September index* of prices paid by farmers except types 42-56 for which "parity equivalents" are computed from the group parity in accordance with 1937-41 relationships. Base periods are: flue-cured and Burley--1934-38 seasons, Maryland--1936-40 seasons, and other types--1919-28 seasons.

3/ Average price in 1940-49 seasons divided by the 1940-49 average index* of prices received by farmers for all agricultural commodities which gives an adjusted base price; the adjusted base price is then multiplied by the September index* of prices paid by farmers, interest, taxes, and wages paid hired labor. The 1949 data included in the various 10-year averages, 1940-49, represent merely reasonable assumptions since flue-cured tobacco is the only major class of 1949 tobacco marketed in substantial volume thus far.

4/ Price supports of these types are not based on 90 percent of parity, but for fire-cured are 75 percent of the Burley loan rate and for dark air-cured are 66 2/3 percent of the Burley loan rate.

*For purpose of these computations, indexes are considered as percentages.

The prices paid index and the new parity index as of September 1949 were used to compute these parities and parity approximations. A small decline in these indexes seems probable by next June and September (flue-cured determined by the June level and all other types by the September level) and the 1950 parities and price supports would decline proportionately.

FLUE-CURED, TYPES 11-14

Domestic Use, Exports, Supplies

The 1949-50 domestic use of flue-cured is expected to continue large because of the anticipated high cigarette production and consumption. Cigarettes account for the great bulk of the United States consumption of flue-cured. However, since cigarette production has shown signs of leveling off in the past year, domestic use of flue-cured in 1949-50 is not expected to be far different from the record 715 million pounds used in 1948-49. Flue-cured exports during July 1949-June 1950 are likely to at least equal and may exceed the 387 million pounds (farm-sales weight) shipped in July 1948-June 1949. Stocks of tobacco, particularly flue-cured, in several western European countries are still comparatively low. ECA-financing will be an important assisting factor in a number of those countries. Supplies from other sources, in spite of the expansion of production over prewar, are not sufficient to enable extensive replacement of United States leaf.

In October, United States flue-cured production was indicated at 1,130 million pounds compared with 1,090 million last year. This year's crop, though nearly 4 percent above last year, is smaller than each of the preceding 3 years. The relative increase in acreage over 1948 is about 6 1/2 percent. Carry-over of flue-cured on July 1, 1949, was 1,538 million pounds, a little lower than a year earlier, but the third highest on record. This year's production added to the carry-over results in a 1949-50 total supply of 2,668 million pounds--larger than for any previous year but only 1 percent above that for 1948-49.

The 1948-49 total disappearance of flue-cured was 1,102 million pounds--5 percent larger than in 1947-48 but below each of the 3 previous years when exports were much heavier.

During July 1948-June 1949, domestic use of flue-cured of 715 million pounds was the largest on record and in line with the record-breaking cigarette production in that period. Domestic use of flue-cured has more than doubled since prewar and now exceeds the 1934-38 average of exports and domestic use combined. Exports, though accounting for a smaller proportion of the total outlet for flue-cured in recent years, are still of major importance. The crop year exports of flue-cured in 1948-49 totaled 387 million pounds (farm-sales weight)--8 percent more than in 1947-48. Although the recent crop year's exports exceeded the average of 1934-38, they were below those of 1937-38 and 1938-39, the last 2 crop years prior to the outbreak of the Second World War. The lower 1948-49 shipments than in the immediate prewar years resulted mostly from the smaller takings of the United Kingdom and China, the countries which ranked first and second among the foreign markets for flue-cured in the earlier period. Other than Britain, western European countries as a group took substantially more in 1948-49 than in prewar. Germany, especially, got a much greater quantity.

Table 7.- Flue-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)*

Year	Production	Stocks July 1	Total supply	Disappearance 1/		Average price per pound
				Domestic use	Exports	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Total types 11-14:						
Average 1934-38	741.0	844.9	1,585.9	338.2	366.1	22.9
1939	1,170.9	946.3	2,117.2	418.0	289.5	14.9
1940	759.9	1,409.7	2,169.6	421.1	155.6	16.4
1941	649.5	1,592.9	2,242.4	491.6	291.3	28.1
1942	811.7	1,459.5	2,271.2	603.3	289.1	38.4
1943	790.2	1,378.8	2,169.0	624.9	355.3	40.2
1944	1,087.3	1,188.8	2,276.1	695.5	454.3	42.4
1945	1,173.5	1,126.3	2,299.8	665.8	486.6	43.6
1946	1,352.0	1,147.4	2,499.4	662.0	550.6	48.3
1947	1,317.5	1,286.8	2,604.3	695.0	359.1	41.2
1948 2/	1,089.6	1,550.2	2,639.8	715.1	386.5	49.6
1949 2/	1,130.0	1,538.2	2,668.2			3/ 47.0

1/ Year beginning July 1.
2/ Preliminary.
3/ Auction market average for about 90 percent of crop sold by late October.
*Farm-sales-weight estimates of exports and domestic use subject to revision

Comparing the most recent 2 crop years, United States flue-cured exports in the year ended June 30, 1949, were larger to United Kingdom, Germany, Ireland, Norway, Denmark, Austria, Finland, Russia, Egypt, Indonesia, New Zealand, and Siam but smaller to Netherlands, Belgium-Luxembourg, Italy, Portugal, Sweden, Switzerland, Australia, China, Hong Kong, and Argentina. Nearly 50 million pounds (farm-sales weight) or 5 times that of 1947-48 were shipped to Germany. Shipments to the Netherlands were off nearly one-fourth but to Ireland were 50 percent larger. These two countries were the third and fourth ranking foreign destinations for United States flue-cured in 1948-49.

During July-September 1949, about 85 million dollars were authorized by the ECA for the procurement of United States flue-cured tobacco. About three-fourths of this total authorization was to Britain. In early July, the United Kingdom revised downward their plans for procurement of United States tobacco and other dollar imports because of the fall in their gold and dollar reserves. The United Kingdom, although not taking as much as originally intended, will get more during 1949-50 than in 1948-49. Only about 65 million pounds were bought from the 1948 crop but in May 1948, approximately 80 million pounds were purchased by the British from Commodity Credit Corporation loan stocks, and the bulk of this moved into export in the 1948-49 crop year. The 1949-50 British flue-cured takings are likely to be approximately 180 million pounds (farm-sales weight). Most western European countries have increased their

usings of flue-cured above prewar amounts as cigarettes made with a larger proportion of lighter tobacco have grown in popularity. The trend toward cigarettes utilizing more flue-cured has also been rising in other areas of the world.

If 1949-50 total disappearance of flue-cured tobacco is around 1,120 million pounds (about the same domestic use as in 1948-49 and a small increase in exports), the carry-over on July 1, 1950, would be 1,548 million pounds or practically the same as on July 1 this year.

Flue-cured tobacco for the past 10 years (1940-49) has been produced under marketing quotas and acreage allotments. Production on acreage in excess of a farm allotment is subject to a penalty amounting to 40 percent of the previous season's average price per pound. The national marketing quota for 1950 is 1,097 million pounds, which means, on the basis of 1944-48 average yields, a total acreage allotment for next year of 970,000 acres. Compared with the 1949 allotment, this is an additional 10,000 acres which will be held as a reserve to correct inequities among existing farm allotments or for new growers qualifying for allotments. Flue-cured growers approved quotas for 1950, 1951, and 1952 in a referendum held in July.

Assuming that the 1950 production is approximately the quota amount, total supplies for 1950-51 will be around 2,645 million pounds compared with 2,668 million pounds for 1949-50.

1949 Prices Below Those of 1948

The auction marketings of 1949 flue-cured, which began in late July, are nearing the final phase of the season. By late-October, about 980 million pounds or approximately nine-tenths of the crop had been sold by producers at an average of 47 cents per pound. This is about 5 percent less than the season average last season. Growers cash receipts from the 1949 crop will approximate 530 million dollars compared with 540 million dollars from last year's crop.

The type 14 auction markets in the Georgia-Florida Belt began July 26 and closed August 23. The volume of marketings ran 15 percent higher than last year and average weekly prices were consistently lower than those of last year as the marketing season advanced. Total sales for the season on the Georgia-Florida markets were at an average price of about 40 cents per pound compared with 47 cents per pound in 1948. Tobacco placed under Government loan was about 13 percent of total deliveries compared with 3 1/2 percent in 1948.

The type 13 auction markets in the South Carolina and Border North Carolina Belt opened on August 2 and sales were concluded October 6. The volume of marketings ran nearly 10 percent larger than in 1948 and prices for total sales averaged 48.9 cents per pound compared to 50.5 cents in 1948. Average weekly prices after holding between 50 and 51 cents in the first 2 weeks fell off to around 47 cents as the season advanced. A considerable proportion was placed under Government loan early in the marketing season. For the season as a whole, about 9 1/2 percent went under Government loan compared to 6 1/2 percent in 1948.

The type 12 auction markets in the Eastern North Carolina Belt opened August 19 and sales were very heavy during the following 2 months. By October 21, gross sales (including resales) totaled 389 million pounds compared with 362 million pounds in the corresponding period last year. Prices averaged 48.7 cents per pound through the same date or 2 percent below the comparable 1948 average. Weekly average prices after fluctuating around 44 cents per pound in the first 3 weeks moved upward to a peak between 54 and 55 cents in late September and early October. The proportion going under Government loan steadily decreased as the marketing season advanced and has averaged slightly over 4 percent compared to 5 percent last season.

Most type 11(b) auction markets in the Middle Belt opened on September 1. Through late October, the marketing volume was about 10 percent less than in the same number of weeks of last season. Prices averaged 47.8 cents per pound--7 percent below the comparable price-average in 1948. Thus far, a smaller proportion, about 6 percent, has been placed under Government loan than during last season when it was close to 8 percent.

Type 11(a) auction markets in the Old Belt began sales on September 12. Through late October, the volume of leaf auctioned was smaller than in the corresponding period a year ago. Prices averaged 46.1 cents per pound--10 percent below the comparable price-average last year. The quantity being delivered for Government loans was running proportionately less than a year ago. Thus far this season, it has been only around 11 percent of the total compared to 13 percent in the corresponding period a year ago. For the 1948 season as a whole, about 18 percent of the Old Belt market receipts were placed under Government loan.

1949 Price Support

The 1949 level of price support for flue-cured is 42.5 cents per pound--3 percent below that which applied to the 1948 crop. The type 14 untied tobacco was supported at 4 cents per pound less than the tied tobacco. The 1949 support level represents 90 percent of the June 15 flue-cured parity price, which was 47.2 cents per pound. Parity decreased between the June 15, 1948, and June 15, 1949, period in line with the decline in index of prices paid by farmers.

Quantities of 1949 flue-cured placed under Government loan through late October totaled approximately 86 million pounds (farm-sales-weight equivalent). As of September 30, the quantity of flue-cured received from previous crops that still remained under loan was around 100 million pounds (farm-sales-weight equivalent).

BURLEY, TYPE 31

Domestic Use, Exports, Supplies

In the year ahead, the domestic use of Burley is likely to be near the estimated October 1948-September 1949 total of 500 million pounds. Continued high cigarette manufacture will provide the largest outlet and smoking tobacco output is expected to hold its own or even rise a little. However, plug chewing may absorb less in line with the long-term downward trend. Exports, which increased during the past year, may be about the same or a little lower than in 1948-49. Financial assistance by ECA is being continued to several countries that usually take sizable quantites of Burley.

Burley supplies for 1949-50 are the highest on record, having reached this peak because of excessive production resulting from very heavy yields per acre. In 3 out of the past 4 years, yields per acre have substantially exceeded those of previous years. On October 1, Burley production was indicated at 593 million pounds -- only about 1 1/2 percent less than last year. The indicated yield per acre, though 5 percent below 1948, was still the second highest on record and 62 percent above the prewar average. (See table 14.) Carry-over on October 1, the beginning of the 1949-50 marketing year, is estimated at about 965 million pounds -- 7 percent above a year ago and above any previous October. The 1949-50 total supply -- this year's crop plus carry-over is roughly 1,558 million pounds -- an increase of 53 million over last year's peak.

The domestic disappearance of Burley during October 1948-September 1949 estimated at about 500 million pounds may exceed last year's record of 496 million pounds. Cigarette manufacture continued above the high level of a year earlier, and smoking tobacco output during October 1948-July 1949 was up a little over the same period of 1947-48. On the other hand, plug chewing was down about 6 percent. Both smoking and plug chewing take a much smaller share of Burley than in the prewar years. Exports of Burley account for a much smaller proportion of the total disappearance than in the case of flue-cured. In the 1948-49 marketing year, Burley exports rose to around 40 million pounds (farm-sales weight)--composing 7 percent of total disappearance. The 1948-49 Burley exports are the second highest on record and 3 times the prewar average. From October 1948 through August 1949, larger quantities went to Germany, Norway, Denmark, Portugal, Mexico, and Egypt than in the same months of 1947-48. Shipments to Germany of between 11 and 12 million pounds were up sharply over the less than 1 million pounds shipped a year earlier. Slightly smaller quantities went to the Netherlands while those to Belgium-Luxembourg, Sweden, United Kingdom, Austria, and Switzerland were down more sharply. The last three countries took less than a million pounds in both periods.

1949 Prospective Prices and Support Level

Burley auctions usually begin in late November or early December. A firm demand is expected for the cigarette grades of the current crop. However, the large over-all supply of Burley will probably tend to hold the season average price nearer the support level than in the past two seasons. The support price for the 1949 Burley crop is 40.3 cents per pound compared with 42.4 cents per pound last season. The support level is calculated at 90 percent of its September 15 parity price, which is 44.8 cents per pound. This is 5 percent lower than a year earlier and reflects the relative decline in the index of prices paid by farmers for items used in production and family living. Growers received an average of 46.0 cents per pound for the 1948 crop -- 5 percent less than the record average of the 1947 season.

Table 8.- Burley tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)*

Year	Production	Stocks October 1	Total supply	Disappearance 1/		Average price per pound
				Domestic use	Exports	
	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Mil.lb.	Cents
Total type 31						
Average 1934-38	287.2	700.9	988.1	302.0	12.5	22.2
1939	395.3	684.1	1,079.4	305.5	11.6	17.3
1940	376.6	762.3	1,138.9	335.2	5.6	16.2
1941	336.8	798.1	1,134.9	373.2	6.4	29.2
1942	343.5	755.3	1,098.8	406.9	5.9	41.8
1943	392.1	686.0	1,078.1	418.3	8.6	45.6
1944	590.6	651.2	1,241.8	473.4	9.4	44.0
1945	577.2	759.0	1,336.2	447.6	35.3	39.4
1946	614.0	853.3	1,467.3	476.6	49.9	39.7
1947	484.7	940.8	1,425.5	495.7	47.5	48.5
1948 2/	602.9	902.3	1,505.2	3/500.0	3/40.0	46.0
1949 2/	592.6	3/ 965.2	3/1,557.8			

1/ Year beginning October 1.
2/ Preliminary.
3/ Estimated.
*Farm-sales-weight estimates of exports and domestic use subject to revision.

About 16 percent of the 1948 crop was placed under Government loan. Government loan stocks on September 30 still included about 127 million pounds (farm-sales-weight equivalent). Approximately 55 percent of that placed under loan in the last three seasons has been moved into domestic and export outlets.

1950 Production

The 1950 national marketing quota for Burley will be announced this fall when determination of its size has been made. Growers will vote in a referendum to be held this fall as to whether they approve a continuation of marketing quota on Burley tobacco. Burley has been under marketing quotas in all of the last 10 years (1940-49). Substantially more than the required two-thirds vote for approval has occurred in each referendum held. In view of the extremely large 1949-50 supply of Burley some reduction in the national marketing quota for 1950 appears to be in prospect and smaller farm acreage allotments than in 1949 would be necessary.

MARYLAND, TYPE 32

Domestic Use, Exports
Supplies

Most Maryland tobacco goes into cigarettes; and with a continuation of high cigarette manufacture expected in 1950, the domestic use of this type is likely to equal the estimated 1949 total of 28 million pounds. Exports are not expected to be greatly different in 1950 than the 1948 level of 8 million pounds (farm-sales weight). Switzerland, the predominant foreign purchaser of this type, had not devalued her currency through mid-October and seems likely to maintain her strong position with respect to foreign exchange and trade.

Table 9.- Maryland tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)*

Year	Production	Stocks January 1 of following year	Total supply	Disappearance 1/		Average price per pound
				Domestic use	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total type 32:						
Average 1934-38	27.5	38.4	65.9	21.9	5.6	19.7
1939	32.8	36.3	69.1	23.5	2.4	21.1
1940	32.6	43.2	75.8	28.2	2.6	33.0
1941	31.2	45.0	76.2	27.5	1.0	30.1
1942	28.1	47.7	75.8	30.6	1.4	56.5
1943	20.8	43.8	64.6	25.2	1.8	45.3
1944	38.2	37.6	75.8	26.3	3.0	55.5
1945	18.4	46.5	64.9	25.8	6.7	57.0
1946	46.2	32.4	78.6	27.2	6.6	44.5
1947	37.8	44.8	82.6	27.5	8.2	42.8
1948 2/	35.0	46.9	81.9	3/28.0	3/8.0	4/54.1
1949 2/	40.0	3/45.9	3/85.9			

1/ Year beginning January 1 of the following year.
2/ Preliminary.
3/ Estimated.
4/ Auction market average.

*Farm-sales-weight estimates of exports and domestic use subject to revision.

Supplies of Maryland tobacco at the beginning of 1950 are likely to be close to 86 or 87 million pounds, 4 or 5 million pounds above those for the current year. Production as of October 1 was indicated at 40 million pounds, an increase of 14 percent over last year. Carry-over on January 1, 1950, is expected to be near 46 million pounds or almost the same as a year earlier. During 1949, the domestic use of Maryland may reach 28 million pounds or slightly more than that of the past 2 years. Maryland tobacco is included in many American blends of cigarettes for its superior burning qualities but comprises only a very small proportion of the average cigarette. Exports during 1949 are likely to at least equal the 1948 total of 8 million pounds. During the first 8 months of 1949, they totaled 5 million pounds (farm-sales weight) compared to about 3 3/4 million in the same months of 1948. The principal foreign outlet is Switzerland. In 1948 and also in January-August 1949, Switzerland accounted for approximately three-fourths of the total Maryland tobacco exports. The January-August 1949 shipments to Switzerland were about one-third larger than in the same months of 1948. The second ranking foreign destination during the first 8 months of 1949 was French Morocco, whose takings were up nearly one-fifth. Shipments to Germany were about a third of a million pounds in contrast to none in the same period a year earlier. However, exports of Maryland tobacco to Tunisia, Belgium-Luxembourg, and Algeria in January-August 1949 were below those of January-August 1948.

Price Prospects for the 1949 Crop

Maryland tobacco auctions usually begin in the year following the harvest of the crop and run from May until late August. Prices for the 1949 crop may be moderately lower than for the 1948 crop, which brought the third highest average on record. The 1949 crop is larger than last year's and supply will probably be the largest on record. The level of price support for the 1949 crop is 41.8 cents per pound--5 percent lower than for the 1948 crop. The support level for the 1949 crop is 90 percent of the September 15, 1949, parity price which is 46.5 cents per pound. The parity price of Maryland declined between September 15, 1948, and September 15, 1949, in line with the decrease in the index of prices paid by farmers.

Auction prices for the 1948 crop averaged 54.1 cents--30 percent higher than a year earlier and well above the support level of 43.9 cents. Approximately 9 to 10 percent of the tobacco delivered to auctions was placed under Government loan, most of it running to the lower grades.

FIRE-CURED, TYPES 21-24

Domestic Use, Exports Supplies

The principal domestic outlet for fire-cured tobacco is in snuff manufacture. The 1949-50 domestic use of fire-cured tobacco is expected to be about the same as in 1948-49, largely because of the marked stability

of snuff output from year to year, Exports of fire-cured in 1949-50 may not reach the estimated 1948-49 total of 45 million pounds (farm-sales weight). The purchases to be made by France, a major outlet for Kentucky-Tennessee, and some other countries are uncertain under prevailing unsettled conditions of foreign exchange.

The total supply of fire-cured tobacco for 1949-50 is estimated at about 224 million pounds compared with 236 million for 1948-49. Although lower than last year, supplies are more than ample to meet anticipated requirements and some reduction in the 1950 marketing quota may be necessary. Production as of October 1 was indicated at 68 million pounds compared with 73 million in 1948. Virginia fire-cured production declined more relatively than the Kentucky-Tennessee types. The estimated fire-cured carry-over on October 1, 1949, was 156 million pounds--nearly 7 million pounds smaller than a year earlier.

Table 10.- Fire-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)*

Year	Production	Stocks October 1	Total supply	Disappearance 1/		Average price per pound
				Domestic use	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total types 21-24:						
Average 1934-38	110.2	194.2	304.4	53.2	69.8	10.2
1939	99.4	136.2	235.6	55.1	38.9	10.6
1940	106.5	141.6	248.1	45.6	18.6	9.5
1941	69.7	183.9	253.6	51.5	17.5	14.1
1942	71.5	184.6	256.1	60.7	15.6	17.1
1943	64.9	179.8	244.7	53.4	17.8	23.4
1944	66.1	173.5	239.6	44.0	63.8	24.5
1945	58.3	131.8	190.1	37.6	47.6	31.5
1946	108.9	104.9	213.8	36.0	34.4	26.0
1947	85.8	143.4	229.2	36.3	30.3	29.5
1948 2/	73.2	162.6	235.8	3/35.0	3/45.0	31.9
1949 2/	67.6	3/155.8	3/223.4			

1/ Year beginning October 1. 2/ Preliminary. 3/ Estimated.
*Farm-sales-weight estimates of exports and domestic use subject to revision

Domestic use of fire-cured in the year ending September 30, 1949, is estimated at 35 million pounds, slightly below that of the preceding year. On the other hand, exports of fire-cured are estimated at close to 45 million pounds (farm-sales weight)--an increase of 50 percent over the 1947-48 figure, which was below any other peace-time year. Although the October 1948-August 1949 exports of Virginia fire-cured were running below the same months of 1947-48, those of Kentucky-Tennessee fire-cured were nearly twice as large as in the earlier period. The country taking by far the most Virginia fire-cured was Norway who took a larger quantity in the

October 1948-August 1949 period than a year earlier; but Switzerland, the second ranking foreign outlet in 1947-48, took much less. Germany, though taking none in 1947-48, took some in 1948-49; but shipments to the Netherlands and Belgium-Luxembourg dropped off. In the 11 months ending with August 1949, France took between 11 and 12 million pounds (farm-sales weight) of Kentucky-Tennessee fire-cured in contrast to very negligible amounts a year earlier. Netherlands, the second ranking foreign outlet for this tobacco, took over 40 percent more; and Germany, the next largest purchaser, took a much larger quantity than in the previous year. Sweden also increased her takings slightly, but those to Switzerland and Belgium-Luxembourg were smaller. Financial assistance from ECA is an important factor in most of the foreign countries that have traditionally been the principal outlets for fire-cured.

Though a substantial increase in fire-cured exports occurred in 1948-49, it is still only about one-half of the prewar average. There is no expectation that the prewar level will be regained because of the shift towards tobacco products using other types and the expanded tobacco production in some countries such as France, which formerly took substantial quantities of United States fire-cured.

If total 1949-50 disappearance of fire-cured is about 70 million pounds, the carry-over on October 1, 1950, will be reduced 2 1/2 million pounds below the October 1, 1949 level.

Lower 1949 Price Support

Price supports for the fire-cured types are related to the Burley loan rate which declined 5 percent from 1948 to 1949. The fire-cured loan level is computed at 75 percent of the Burley loan rate. The Burley parity price as of September 15 (the date which determines its price support) was 44.8 cents, and 90 percent of this, or 40.3 cents per pound, represents the support level for the 1949 Burley crop. Three-fourths of the 40.3 cents, or 30.2 cents per pound, becomes the basis for supporting prices to growers of the fire-cured types during the 1949 marketing season. As was the case with Burley, the fire-cured support level is 5 percent less than last season when it was 31.8 cents. The average price received by growers for last year's crop was 31.9 cents. In view of the ample supplies, the price for the 1949 crop is also likely to average close to the support price. The 1948 season price, although averaging close to the support level, was the highest on record. In each of the past two seasons, approximately 37 percent of producer's deliveries went under Government loan. Fire-cured tobacco pledged as collateral for CCC loans as of September 30 totaled about 70 million pounds (farm-sales-weight equivalent).

DARK AIR-CURED, TYPES 35-37

Domestic Use, Exports, Supplies

Domestic use of dark air-cured tobacco in 1949-50 seems likely to continue the downward trend, which was resumed after an interruption during the war. The output of chewing tobacco, its principal outlet, continued to decline during 1948-49. While estimated exports in 1948-49 were nearly 2 1/2 times those of 1947-48 and exceeded the prewar average, they are not likely to be as high again in 1949-50.

Total supplies of dark air-cured tobacco for 1949-50 are about 108 million pounds compared with 112 million in 1948-49. Although supplies

are down a little from last year, they are still large in relation to expected use and some cut in the 1950 marketing quota may be required. Production on October 1 was indicated at 36 million pounds or practically the same as the 1948 outturn. The decrease in the 1949 Green River crop was more than offset by the increases in the One Sucker and Virginia sun-cured crops. The estimated carry-over on October 1, 1949, was about 72 million pounds--5 million pounds less than a year earlier.

Table 11.- Dark air-cured tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)*

Year	Production	Stocks October 1	Total supply	Disappearance 1/		Average price per pound
				Domestic use	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total types 35-37						
Average 1934-38	35.5	62.8	98.3	27.0	12.0	9.4
1939	44.2	56.1	100.3	27.3	7.4	7.3
1940	42.5	65.6	108.1	29.0	4.7	7.7
1941	31.5	74.4	105.9	38.9	3.0	12.0
1942	35.2	64.0	99.2	29.9	4.0	15.2
1943	30.0	65.3	95.3	34.4	3.2	27.2
1944	44.9	57.7	102.6	35.9	6.3	23.3
1945	43.6	60.4	104.0	30.5	13.1	25.2
1946	49.6	60.4	110.0	29.7	7.6	22.5
1947	37.2	72.7	109.9	26.3	6.4	25.8
1948 2/	34.8	77.2	112.0	3/24.5	3/15.0	28.7
1949 2/	35.6	3/72.5	3/108.1			

1/ Year beginning October 1. 2/ Preliminary. 3/ Estimated.
*Farm-sales-weight estimates of exports and domestic use subject to revision.

During October 1948-September 1949, the domestic use of dark air-cured was about 24 million pounds compared with 26 million in the previous year. The output of chewing tobacco, other than scrap, in the first 10 months of the 1948-49 marketing year was running 7 percent less than in the same months of previous year. The exports of dark air-cured (including Black Fat) in the year ending September 30, 1949, are estimated at around 15 million pounds (farm-sales weight)--a sharp increase over the 6 1/2 million pounds of a year earlier and also the 1934-38 average of 12 million pounds.

France ranked first among the foreign outlets for dark air-cured in 1948-49. Shipments to France were over 3 million pounds of the One Sucker type and over 1 million pounds of the Green River type in contrast to none in 1947-48. The Netherlands also got larger quantities of both types. Germany got some of both dark air-cured types in 1948-49 but none in 1947-48. A sizable shipment of the One Sucker type went to Nigeria in 1948-49 but only an insignificant quantity did in 1947-48. Black Fat is largely made up of dark air-cured tobacco. During October 1948-August 1949, exports of Black Fat were a little below those of the same months a year earlier.

Exports of Black Fat to Nigeria, the country taking the largest single amount, were smaller as were also those to the Gold Coast. However, Black Fat exports to French West Africa and French Equatorial Africa were sharply higher.

If during 1949-50, total disappearance approximates 35 million pounds as seems probable, the carry-over of dark air-cured tobacco on October 1, 1950, would be about 73 million or practically the same as this year. Such a stocks level appears to be high in relation to what may be used or exported.

Lower 1949 Price Support

Price supports for the dark air-cured types are related to the Burley loan rate which declined 5 percent from 1948 to 1949. The dark air-cured loan level is computed at 66 2/3 percent of the Burley loan rate. The Burley parity price as of September 15 was 44.8 cents per pound, and 90 percent of this, or 40.3 cents per pound, represents the support level for the 1949 Burley crop. Two-thirds of the 40.3 cents, or 26.9 cents per pound, becomes the basis for supporting the prices to growers of the dark air-cured types during the 1949 marketing season. This is likewise 5 percent below last season's support level of 28.3 cents per pound. The average price received by growers for last year's crop was 28.7 cents per pound, and it is likely that the 1949 crop will sell at close to this year's support price. The 1948 season price, though practically at the support level, was the highest on record. During the 1948 marketing season, about one-fourth of the crop went into Government loan. As of September 30, about 28 or 29 million pounds (farm-sales-weight equivalent) of dark air-cured tobacco remained in Government loan stocks.

CIGAR TOBACCO

Cigar Filler

The total disappearance of the Pennsylvania and Ohio cigar filler tobacco in October 1948-September 1949 is estimated at around 62 million pounds--not far different from the year before. Cigar consumption for the marketing year period was only very slightly below 1947-48. The prospective 1949-50 use of these types is expected to be approximately the same or a little lower than in 1948-49. It seems probable that with some further easing of personal income, cigar consumption may show a little further drop. However, more lower-priced cigars are being bought, and this will be a counteracting influence tending to limit any over-all decline in cigars.

The October 1, 1949, carry-over of the Pennsylvania and Ohio filler tobacco is estimated at about 132 million pounds--about 8 million pounds larger than a year earlier. The 1949 production in both States is lower than last year. However, Pennsylvania production is substantially higher than prewar while Ohio filler is only about one-half as much. As of October 1, the indicated filler crops in the two States totaled almost 65 million pounds, which, when added to the carry-over of approximately 132 million pounds, gives a 1949-50 total supply of about 197 million pounds. This compares with 194 million pounds for 1948-49.

Table 12.- Cigar tobacco: Domestic supplies, disappearance, and season average price, average 1934-38, annual 1939-49

(farm-sales weight)

Year and type	Production	Stocks October 1 1/	Total supply	Disappearance year beginning October 1 1/	Average price per pound
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Cents
Total filler types 41-44 2/					
Average 1934-38	48.9	159.9	208.8	54.4	10.4
1939	63.1	141.9	205.0	54.0	11.7
1940	64.7	151.0	215.7	58.7	12.0
1941	71.2	157.0	228.2	61.4	12.5
1942	53.8	166.8	220.6	67.0	13.2
1943	47.0	153.6	200.6	55.2	18.6
1944	58.8	145.4	204.2	61.3	19.5
1945	49.9	142.9	192.8	64.1	34.0
1946	64.4	128.7	193.1	70.9	32.8
1947	63.2	122.2	185.4	61.7	30.6
1948 3/	70.4	123.7	194.1	4/62.0	25.8
1949 3/	64.8	4/132.1	4/196.9		
Total binder types 51-56					
Average 1934-38	41.8	165.1	206.9	60.5	12.5
1939	63.3	116.6	179.9	45.0	16.6
1940	67.9	134.9	202.8	66.1	14.5
1941	61.6	136.7	198.3	60.4	16.9
1942	55.2	137.9	193.1	66.4	20.4
1943	51.0	126.7	177.7	69.2	30.3
1944	57.2	108.5	165.7	63.4	30.9
1945	62.1	102.3	164.4	60.9	47.7
1946	73.8	103.5	177.3	53.6	52.7
1947	70.3	123.7	194.0	68.2	43.4
1948 3/	61.0	125.8	186.8	4/70.0	41.8
1949 3/	58.3	4/116.8	4/175.1		
Total wrapper types: 61-62					
Average 1934-38	8.4	11.8	20.2	9.3	78.3
1939	11.4	10.1	21.5	7.9	67.7
1940	9.5	13.6	23.1	10.4	77.6
1941	10.1	12.7	22.8	9.6	98.4
1942	9.2	13.2	22.4	9.4	132.1
1943	10.0	13.0	23.0	8.7	167.7
1944	11.3	14.3	25.6	10.9	196.1
1945	11.2	14.7	25.9	12.3	197.3
1946	12.5	13.6	26.1	12.7	234.0
1947	13.5	13.4	26.9	12.4	296.0
1948 3/	14.6	14.5	29.1	12.5	263.0
1949 3/	15.1	16.6	31.7		

1/ Stocks and disappearance for types 56, 61, and 62 are as of July 1.
2/ A small quantity of type 45 for 1939 and 1940 not included.
3/ Preliminary. 4/ Estimated.

Puerto Rican tobacco is also an important filler type and, unlike the continental filler types, is produced under a marketing quota. This is not a Federal quota but one of the Insular Government. The quota for the crop to be harvested in early 1950 is 25 million pounds. Stocks of Puerto Rican tobacco in the United States were 28 million pounds on July 1, 1949, -- a drop of 27 percent below those of a year earlier. Substantial quantities of Puerto Rican tobacco have been exported thus far in 1949, and the bulk of this was shipped directly from the Island. Puerto Rican tobacco still under Government loan as of September 30 totaled about 10 million pounds (farm-sales-weight equivalent).

The 1948 crops of filler tobacco in Pennsylvania and Ohio were sold for an average of 26.3 and 23.0 cents per pound, respectively. Although these price-averages were substantially lower than in the previous season, they were still above the support level which could be offered, and no loan operations were carried out. The support level for the 1949 crops is 5 percent lower than for the 1948 crops because of the decline in the index of prices paid by farmers between September 1948 and September 1949.

Cigar Binder

Total disappearance of cigar binder tobacco during October 1948-September 1949 is estimated at about 70 million pounds or higher compared with 68 million pounds a year earlier. Exports of some of the binder types in the 1948-49 marketing year were substantial. The largest share of cigar tobacco exports went to Germany. Among the other foreign destinations were Denmark, French Morocco, Algeria, Netherlands, Austria, Belgium-Luxembourg, and Switzerland. The 1949-50 exports of cigar tobacco are expected to drop from the record 1948-49 level and domestic use of binder may decline if there is some easing of cigar production and consumption. Scrap chewing utilizes much of the lower grades of binder tobacco, particularly the Southern Wisconsin, type 54. The output of scrap chewing in the first 8 months of 1949 was 5 percent less than in the same period of 1948.

Total 1949-50 supplies of the binder types produced in the Connecticut Valley, Wisconsin, and in smaller quantities in New York, Pennsylvania, Minnesota, and Florida are estimated at approximately 175 million pounds. This is about 6 percent smaller than the 1948-49 total. Both the carry-over and the 1949 production of binder types 51-56 appear to be less. The carry-over on October 1 is estimated at around 116 or 117 million pounds compared with 126 million on October 1, 1948. Production of all binder types combined as of October 1, 1949, was indicated at a little over 58 million pounds compared with 61 million pounds harvested in 1948. The decreases in Connecticut Valley Broadleaf, type 51, and the Northern Wisconsin, type 55, more than offset the indicated small increases in Connecticut Valley Havana Seed, type 52, and Southern Wisconsin, type 54. In the Connecticut Valley, the Havana Seed acreage went up a little while Broadleaf stayed about the same; but yields per acre are below last year. In Wisconsin, the type 54 acreage is up slightly, but type 55 acreage was down 11 or 12 percent. The yields per acre in Wisconsin this year are heavier for both types.

The demand for binder tobacco during the 1948-49 marketing season was not as strong as during the previous 2 or 3 seasons. Marketing of most cigar tobacco is at the barn door and sales in some areas were quite sporadic. Some Connecticut Valley tobacco was sold in the early part of the season at prices considerably higher than were offered later. However, prices of the Connecticut Valley types were above those which could be offered in connection with Government price supports. The 1948 Connecticut Valley Broadleaf crop averaged 60.0 cents per pound. This was above the 1947 average which was lowered by pole-sweat damage, but below the 1946 average of 74.0 cents. The 1948 Connecticut Valley Havana Seed crop averaged 62.3 cents per pound -- 15 percent less than in the previous season. The New York-Pennsylvania Havana Seed brought an average of 25.0 cents per pound -- 12 percent less than a year earlier. The Northern Wisconsin crop brought only 23.0 cents per pound --one-third less than the 1947 crop average. Southern Wisconsin tobacco at 22.4 cents per pound held about even with the 1947 crop average. Price support operations have been carried on in Wisconsin in the last three seasons in connection with the Southern Wisconsin type and also on the Northern Wisconsin type in the 1948 season. Quantities of cigar binder tobacco in Government loan stocks as of September 30 totaled approximately 4 million pounds.

The levels of price support for the 1949 crops are 5 percent less than in the 1948 marketing season. This is the percentage decline that occurred in the index of prices paid between September 1948 and September 1949.

Cigar Wrapper

The July 1948-June 1949 disappearance of domestic cigar wrapper was 12 1/2 million pounds --practically the same as in the preceding year but about one-third above that of the late thirties. Domestically produced wrapper has replaced much of the imported cigar wrapper which was cut off during the war and which has been available only in small quantities in recent years. Most of the imported wrapper in prewar years came from Sumatra. Supplies of wrapper from this area are likely to be larger in another year or so since production is beginning to recover. However, in 1949-50 use of domestic wrapper is expected to continue near the 1948-49 level since substantial wrapper imports are not likely in the next several months.

The 1949-50 supplies of the domestic wrapper total about 31.7 million pounds -- about 2.6 million pounds larger than those for 1948-49 and the largest on record. The carry-over on July 1 was 16.6 million pounds, and the October 1 indications were for a 15.1-million-pound crop. The Connecticut Valley Shade-Grown carry-over on July 1 and the 1949 indicated production are larger than a year ago and the same is true of the Georgia-Florida Shade-Grown.

The 1948 crop of Connecticut Valley Shade-Grown wrapper brought an average of $2.90 per pound compared with the record 1947 average of $3.10 per pound. The Georgia-Florida Shade-Grown averaged $2.15 per pound in 1948 compared with $2.65 per pound in 1947 which was the highest on record.

Table 13.- Tobacco: Acreage of tobacco in the United States, by types, for specified periods with percentages

Period	Flue-cured 11-14	Fire-cured 21-24	Burley 31	Maryland 32	Dark air-cured 35-37	Cigar Filler 41-45 1/	Cigar Binder 51-56 1/	Cigar Wrapper 61-62	United States total all types 2/
	Thous. acres	Thous. acres	Thous. acres	Thous. acres	Thous. acres	Thous. acres	Thous. acres	Thous. acres	Thous. acres
1924-28 av.	894	224	322	31	86	68	64	9	1,700
1929-33 av.	950	204	461	36	64	65	56	9	1,847
1934-38 av.	863	135	347	37	42	39	29	9	1,501
1934	679	152	304	36	46	32	18	7	1,273
1935	874	143	280	37	37	39	22	8	1,439
1936	864	127	302	38	34	40	27	9	1,440
1937	990	143	443	35	53	42	36	10	1,753
1938	909	111	407	38	40	42	43	10	1,601
1939-43 av.	873	90	375	38	39	45	39	10	1,510
1939	1,270	114	425	40	49	49	41	11	2,000
1940	741	120	360	38	47	48	44	10	1,410
1941	718	74	342	40	33	48	41	11	1,306
1942	793	73	351	38	34	43	36	10	1,377
1943	843	69	399	35	31	38	33	10	1,458
1944-48 av.	1,066	73	470	45	38	42	42	12	1,789
1944	1,017	65	497	45	40	39	37	10	1,751
1945	1,079	61	512	35	44	39	41	11	1,822
1946	1,189	92	489	50	41	43	48	12	1,963
1947	1,161	84	420	48	35	44	46	14	1,853
1948 3/	884	63	432	47	30	45	40	15	1,555
1949 3/	942	58	447	50	31	44	39	15	1,626
	Percentage change								
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1934-38 av. to 1944-48 av.	+23.5	-45.9	+35.4	+21.6	- 9.5	+7.7	+44.8	+33.3	+19.2
1948 to 1949	+ 6.6	- 7.9	+ 3.5	+ 6.4	+ 3.3	-2.2	- 2.5	.0	+ 4.6

1/ From 1936 to 1939, type 45 (filler) supplanted by type 56 (binder).
2/ Includes miscellaneous types.
3/ Preliminary.

Table 14.- Tobacco: Yield per acre in the United States, by types, for specified periods with percentages

Period	Flue-cured 11-14	Fire-cured 21-24	Burley 31	Maryland 32	Dark air-cured 35-37	Cigar Filler 41-45 1/	Cigar Binder 51-56 1/	Cigar Wrapper 61-62	United States total all types
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1924-28 av.	676	767	807	781	784	1,340	1,256	1,041	765
1929-33 av.	707	777	777	683	803	1,035	1,350	1,039	770
1934-38 av.	856	811	819	749	837	1,266	1,465	954	865
1934	822	874	831	720	885	1,255	1,550	1,040	852
1935	928	823	794	775	847	1,288	1,531	974	905
1936	790	787	729	820	723	1,344	1,559	1,046	807
1937	875	830	907	650	902	1,204	1,430	851	895
1938	866	740	833	780	828	1,239	1,255	860	866
1939-43 av.	963	923	985	755	958	1,323	1,526	982	986
1939	922	868	931	820	908	1,292	1,536	1,044	940
1940	1,025	888	1,045	850	905	1,337	1,530	922	1,036
1941	905	935	985	775	967	1,497	1,503	939	966
1942	1,024	982	980	740	1,037	1,249	1,520	963	1,023
1943	938	943	982	590	972	1,241	1,540	1,044	964
1944-48 av.	1,132	1,071	1,224	769	1,107	1,457	1,538	1,008	1,161
1944	1,069	1,022	1,189	850	1,116	1,493	1,547	1,075	1,116
1945	1,088	951	1,127	525	988	1,281	1,529	1,001	1,094
1946	1,137	1,189	1,256	925	1,215	1,504	1,551	1,000	1,182
1947	1,135	1,024	1,153	795	1,054	1,429	1,527	992	1,139
1948 2/	1,233	1,170	1,396	750	1,163	1,578	1,534	973	1,275
1949 2/	1,200	1,163	1,325	800	1,159	1,487	1,503	981	1,233
	Percentage change								
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1934-38 av. to: 1944-48 av.	+32.2	+32.1	+49.5	+2.7	+32.3	+15.1	+5.0	+5.7	+34.2
1948 to 1949	-2.7	-.6	-5.1	+6.7	-.3	-5.8	-2.0	+.8	-3.3

1/ From 1936 to 1939, type 45 (filler) supplanted by type 56 (binder).
2/ Preliminary.

Table 15.- Tax-paid withdrawals of tobacco products in the United States, annual 1925-48, and January-September 1948-49 with percentages 1/

Period	Cigarettes		Cigars		Snuff	Chewing and smoking
	Small	Large	Large	Small		
	Bil.	Mil.	Mil.	Mil.	Mil. lb.	Mil. lb.
1925	80	21	6,921	460	38	372
1926	89	17	6,960	431	38	372
1927	97	16	6,891	444	40	354
1928	106	16	6,786	427	41	343
1929	119	14	6,849	428	40	338
1930	120	10	6,197	389	40	329
1931	113	7	5,626	345	40	328
1932	104	4	4,691	286	36	312
1933	112	4	4,592	212	36	305
1934	126	89	4,868	224	37	307
1935	135	3	5,031	182	36	304
1936	153	3	5,394	181	38	310
1937	163	3	5,534	200	37	301
1938	164	3	5,326	155	37	306
1939	172	3	5,510	157	38	303
1940	181	2	5,568	135	38	304
1941	206	2	5,960	146	40	299
1942	236	3	6,207	133	41	281
1943	258	6	5,228	128	43	262
1944	239	27	4,786	140	42	252
1945	268	82	5,014	98	44	270
1946	321	1	5,914	93	40	211
1947	336	1	5,631	81	39	199
1948	349	1	5,775	90	41	200
Jan.-Sept.						
1948	263	.5	4,250	67	31	150
1949	269	.6	4,157	60	30	147
	Percentage change					
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Jan.-Sept. 1948 to Jan.-Sept. 1949	+2.3	+20.0	-2.2	-10.4	-3.2	-2.0

1/ Based on sales of revenue stamps and includes products from Puerto Rico.

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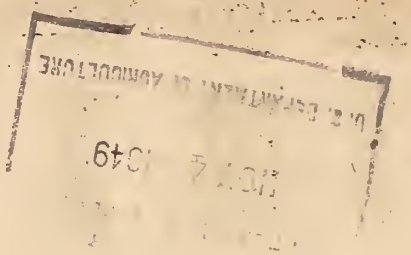

Table 16.- Production of manufactured tobacco in the United States, for specified periods

Calendar year	Chewing					Smoking 1/	Snuff
	Plug	Twist	Fine-cut	Scrap 1/	Total		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1925-29 av.	104.5	8.8	6.2	77.4	196.9	161.1	39.6
1937-41 av.	52.6	5.9	4.7	43.4	106.6	198.7	38.0
1940	48.8	5.6	4.7	42.4	101.5	205.1	37.9
1941	50.2	5.6	5.1	44.2	105.1	197.6	39.6
1942	54.3	6.0	5.1	48.3	113.7	175.7	41.0
1943	58.9	6.3	4.5	51.4	121.1	162.8	43.2
1944	61.7	6.5	4.1	52.9	125.2	139.9	42.0
1945	59.7	6.7	4.0	47.7	118.1	168.5	43.8
1946	51.8	5.8	3.8	46.1	107.5	106.4	39.4
1947	47.4	5.2	3.7	42.2	98.5	104.7	39.2
1948	45.3	5.6	3.2	42.4	96.5	107.6	40.8
Jan.-Aug.1948	30.1	3.7	2.2	27.6	63.6	69.6	27.0
Jan.-Aug.1949	28.2	3.8	1.8	26.2	60.0	70.5	26.6
	Percentage change						
Jan.-Aug.1948 to Jan.-Aug.1949	Pct. -6.3	Pct. +2.7	Pct. -18.2	Pct. -5.1	Pct. -5.7	Pct. +1.3	Pct. -1.5

1/ Breakdown of smoking and scrap prior to 1931 is estimated.